

PUBLIC DISCLOSURE

June 20, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FNB Bank
RSSD# 617743

311 5th Street
Fontanelle, Iowa 50846

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

FNB Bank is rated Satisfactory.

FNB Bank (FNB) is meeting the credit needs of its assessment areas based on an analysis of the bank's lending activities. FNB's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, economic environment, and assessment area credit needs. A majority of loans are originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration to businesses and farms of different sizes. Neither FNB nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

FNB's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Examination Procedures for Small Institutions. The evaluation was performed within the context of information about the institution and its assessment areas, such as asset size, financial condition, economic and social demographics, and competition.

The evaluation included a full scope review of the bank's Non-Metropolitan Statistical Area (Non-MSA) Iowa assessment area, which includes both Adair and Cass Counties in their entirety. The partial Sioux City, IA-NE-SD MSA #43580 (Sioux City MSA) assessment area received a limited scope review. The assessment area consists of census tract 31.00 in Woodbury County, Iowa and the adjacent non-metropolitan census tract 901.00 in Ida County, Iowa.

Loan samples used for this evaluation included small business and small farm loans (under \$1 million) originated in 2021. Small farms loans received the most weight based on the bank's loan composition. Appendix B includes a summary of the scope of the evaluation, and Appendix C provides a glossary of key terms used in the evaluation.

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated from January 1, 2021, to December 31, 2021, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated within the assessment area from January 1, 2021,

to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Businesses and Farms of Different Sizes*** – A sample of the bank’s small business and small farm loans originated within the assessment area from January 1, 2021, to December 31, 2021, were reviewed to determine the distribution to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs, and its responses to any received were evaluated for appropriateness. Neither FNB Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions within the assessment area. The following types of organizations were contacted: economic development and agricultural economic development.

DESCRIPTION OF INSTITUTION

FNB Bank is a wholly owned subsidiary of First Fontanelle Bancorporation, a one-bank holding company located in Fontanelle, Iowa. As of March 31, 2022, the bank had \$246.8 million in assets. The institution maintains five banking locations and six automated teller machines (ATMs) throughout Fontanelle, Massena, Anita, Greenfield, and Correctionville, Iowa. The main office is located in Fontanelle, Iowa and includes the bank's only full-service ATM. Two of the other four branches operate cash-only ATMs, and there are three additional stand-alone cash-only ATMs throughout the bank's assessment area. Since the previous evaluation, one ATM was closed at the Massena branch. No significant structural changes such as mergers, acquisitions, or divestures have occurred since the previous CRA examination, and the bank’s assessment areas remain unchanged.

The bank offers a full range of loan and deposit products to meet the banking needs of consumers, businesses, and farms in its assessment areas. The bank's lending products include agricultural loans, commercial loans, residential real estate loans, consumer installment loans, personal loans, and credit cards. Furthermore, the bank offers standard, non-complex deposit products including checking accounts, savings accounts, and certificates of deposit.

First Fontanelle Bancorporation owns FNB Insurance Agency, a full-service agency offering auto, home, farm, recreational vehicle, life, health, nursing home, commercial, and crop insurance. Insurance agents are located in the Fontanelle, Massena, Greenfield, and Correctionville branches.

The bank’s loan portfolio is composed primarily of agricultural loans (78.0 percent), commercial loans (9.9 percent), and residential real estate loans (9.5 percent). The table below provides a detailed distribution of the bank’s loan portfolio.

Composition of Loan Portfolio as of March 31, 2022		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Residential Real Estate	16,462	9.5
Commercial	17,065	9.9
Agricultural	135,145	78.0
Consumer	2,141	1.2
Other	2,456	1.4
Total Loans	173,269	100.0
<i>Note: Percentages may not total 100.00 percent due to rounding.</i>		

There are no known legal, financial or other factors impeding the bank’s ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on May 21, 2018.

DESCRIPTION OF ASSESSMENT AREA

FNB operates within two assessment areas. The first consists of the Non-MSA Iowa assessment area, which includes the entirety of both Cass and Adair counties. The second is the partial Sioux City, IA-NE-SD MSA #43580 assessment area, consisting of census tract 31.00 in Woodbury County, Iowa, and the adjacent nonmetropolitan census tract 901.00 in Ida County, Iowa. FNB’s assessment area is comprised of 10 census tracts in total, of which one census tract is designated as moderate-income and the remaining nine census tracts are middle-income. The sole moderate-income census tract is located in Cass County. Low-income families represent 20.7 percent of the families in the assessment area, and moderate-income families represent 21.4 percent of the families. Poverty levels were relatively limited in the assessment area with 8.3 percent of families living below the poverty level. Three census tracts delineated in Adair County (9601.00, 9602.00, and 9603.00) were designated by the FFIEC as underserved in 2021 due to their remote rural location.

Assessment Area: 2021 Combined Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,600	20.7
Moderate-income	1	10.0	754	9.7	121	16.0	1,657	21.4
Middle-income	9	90.0	6,989	90.3	519	7.4	1,856	24.0
Upper-income	0	0.0	0	0.0	0	0.0	2,630	34.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	10	100.0	7,743	100.0	640	8.3	7,743	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,442	848	9.5	58.8	525	36.4	69	4.8
Middle-income	11,808	8,104	90.5	68.6	2,571	21.8	1,133	9.6
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	13,250	8,952	100.0	67.6	3,096	23.4	1,202	9.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	233	16.1	200	15.6	30	23.3	3	8.1
Middle-income	1,211	83.9	1,078	84.4	99	76.7	34	91.9
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,444	100.0	1,278	100.0	129	100.0	37	100.0
	Percentage of Total Businesses:			88.5		8.9		2.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	10	2.2	10	2.3	0	0.0	0	0.0
Middle-income	435	97.8	430	97.7	4	100.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	445	100.0	440	100.0	4	100.0	1	100.0
	Percentage of Total Farms:			98.9		0.9		0.2
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB’s loan-to-deposit (LTD) ratio is more than reasonable given the bank’s financial condition, asset size, and credit needs of its assessment areas. As of March 31, 2022, the bank’s 16-quarter average LTD ratio was 93.7 percent, which represents a four percent increase from the previous evaluation (89.7 percent), exceeding all of its local competitors. The LTD ratio was evaluated based on the institution’s capacity to lend, financial condition, and competitors’ LTD ratios.

The table below shows the 16-quarter average LTD ratio for the bank compared to a sample of local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
FNB Bank	93.7
Competitors	
Exchange State Bank, Adair, Iowa	60.4
Farmers & Merchants State Bank, Winterset, Iowa	65.8
First Security Bank, Mapleton, Iowa	69.7
First Whitney B&TC, Atlantic, Iowa	71.4
Houghton State Bank, Red Oak, Iowa	84.7
Rolling Hills B&T, Atlantic, Iowa	90.4
TS Bank, Treynor, Iowa	36.9
Union State Bank, Greenfield, Iowa	85.0

Assessment Area Concentration

FNB originated a majority of loans within the combined assessment area. During the evaluation period, 72.8 percent of loans by number and 70.5 percent by dollar amount were originated within the assessment area. The bank originated 74.5 percent of small business loans and 71.6 percent of small farm loans in the assessment area, which is similar to the bank’s performance at the prior evaluation. The bank’s lending activity indicates that it is sufficiently serving its assessment area credit needs. The following table provides a breakdown, by product, of small business and small farm loans originated within the assessment areas from January 1, 2021, through December 31, 2021.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	82	74.5	\$3,245	75.1	28	25.5	\$1,075	24.9
Total Small Bus. related	82	74.5	\$3,245	75.1	28	25.5	\$1,075	24.9
Small Farm	111	71.6	\$5,614	68.1	44	28.4	\$2,627	31.9
Total Small Farm related	111	71.6	\$5,614	68.1	44	28.4	\$2,627	31.9
TOTAL LOANS	193	72.8	\$8,859	70.5	72	27.2	\$3,702	29.5

Geographic and Revenue Distribution

FNB demonstrated reasonable geographic distribution of loans throughout the assessment areas, and lending activity reflects reasonable penetration to businesses and farms of different sizes. Details of the bank’s lending in each assessment area and relevant demographics are discussed within the individual assessment area sections.

Response to Complaints

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

NON-MSA IOWA – FULL REVIEW

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate FNB's performance in the Non-MSA Iowa assessment area. The scope of this section is consistent with the overall scope of the examination. For further information, please refer to the Scope of Examination section on page 2.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA IOWA

FNB Bank operates its main office with an ATM, two full-service branches, one full-service branch with an ATM, and three stand-alone cash-only ATMs in the assessment area. All branches and ATMs are located within middle-income census tracts. Since the previous evaluation, the institution closed one cash-only ATM in 2020, located at its branch in Massena, Iowa. The assessment area consists of seven middle-income census tracts and one moderate-income tract. Three census tracts delineated in Adair County (9601.00, 9602.00, and 9603.00) were designated by the FFIEC as underserved in 2021 due to their remote rural location.

Based on the FFIEC Deposit Market Share report as of June 30, 2021, the bank ranks fourth out of ten depository institutions in the assessment area, with an 8.1 percent deposit market share. Wells Fargo Bank ranks first with a 60.8 percent market share, followed by First Whitney Bank and Trust (11.4 percent) and Rolling Hills Bank & Trust (10.5 percent).

The assessment area remains unchanged since the previous examination.

Assessment Area: 2021 IA Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,297	22.1
Moderate-income	1	12.5	754	12.9	121	16.0	1,264	21.6
Middle-income	7	87.5	5,108	87.1	399	7.8	1,391	23.7
Upper-income	0	0.0	0	0.0	0	0.0	1,910	32.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8	100.0	5,862	100.0	520	8.9	5,862	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,442	848	12.5	58.8	525	36.4	69	4.8
Middle-income	8,789	5,963	87.5	67.8	1,973	22.4	853	9.7
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	10,231	6,811	100.0	66.6	2,498	24.4	922	9.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	233	21.1	200	20.6	30	28.3	3	11.5
Middle-income	870	78.9	771	79.4	76	71.7	23	88.5
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,103	100.0	971	100.0	106	100.0	26	100.0
	Percentage of Total Businesses:			88.0		9.6		2.4
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	10	3.2	10	3.2	0	0.0	0	0.0
Middle-income	304	96.8	300	96.8	3	100.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	314	100.0	310	100.0	3	100.0	1	100.0
	Percentage of Total Farms:			98.7		1.0		0.3
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Change

According to 2015 American Community Survey (ACS) data, the assessment area and Adair and Cass counties experienced slight population decreases of 2.9 percent, 3.3 percent, and 2.6 percent, respectively, similar to Non-MSA Iowa (0.9 percent). In contrast, the state of Iowa experienced a slight increase in population (1.5 percent) between 2010 and 2015. One community representative stated that urban areas, such as nearby Des Moines, Iowa, have drawn residents away from rural areas. Additionally, the rising cost of farming and farmland along with the consolidation of farms has reduced the number of farmers which has also contributed to the population decline in these rural areas.

Population Change 2010 and 2015			
Area	2010 Population	2015 Population	Percentage Change
Assessment Area	21,638	21,016	-2.9
Adair County, IA	7,682	7,426	-3.3
Cass County, IA	13,956	13,590	-2.6
Non MSA Iowa	1,261,493	1,250,756	-0.9
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Income Characteristics

The following table compares the median family income (MFI) for families within the assessment area, Adair and Cass counties, Non-MSA Iowa, and the state of Iowa. The assessment area includes 5,862 families, of which 22.1 percent are low-income, 21.6 percent are moderate-income, 23.7 percent are middle-income, and 32.6 percent are upper-income. According to 2010 and 2015 ACS data, Adair County's MFI experienced the greatest decrease at 5.8 percent, followed by the assessment area and Cass County which experienced 3.9 percent and 2.0 percent decreases, respectively. The Non-MSA Iowa and the state of Iowa's MFI remained relatively stable at 0.7 and 0.2 percent, respectively. One community representative stated that there has been a lack of wage growth within the area over the past five to ten years, and as a result income. Conversely, another community representative noted that wages have more recently increased in the Adair County area, benefitting families who have members that are employed.

Median Family Income Change 2010 and 2015			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change
Assessment Area	56,417	54,206	-3.9
Adair County, IA	62,383	58,738	-5.8
Cass County, IA	53,232	52,165	-2.0
Non-MSA Iowa	61,224	61,681	0.7
State of Iowa	67,302	67,466	0.2
Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.			

Housing Characteristics

The bank’s Non-MSA Iowa assessment area includes 10,231 total housing units, of which 66.6 percent are owner-occupied, 24.4 percent are rental units, and 9.0 percent are vacant. The following table presents housing cost burden among renters and homeowners in the two counties that comprise the assessment area, Non-MSA Iowa, and the state of Iowa. The cost burden is a measure of affordability resulting from a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Renters in the assessment area experienced a 30.5 percent housing cost burden, which is comparable to housing cost burdens in Adair County (30.0 percent) and Cass County (30.7 percent). These figures are similar to housing cost burden for renters throughout Non-MSA Iowa (32.8 percent), and below the state of Iowa (38.2 percent). Similarly, homeowners experienced significantly lower housing cost burdens compared to renters in the assessment area (14.1 percent), Adair County (15.0 percent), and Cass County (13.6 percent), which are comparable to homeowner housing cost burden for Non-MSA Iowa (14.9 percent) and the state of Iowa (15.4 percent). Housing cost burden for low-income renters and homeowners in the assessment area is high when compared to moderate-income and all renters and homeowners, indicating an overall shortage of affordable rental units and homes in both counties.

According to FFIEC Home Mortgage Disclosure Act (HMDA) loan and application records, home mortgage trends reflect stable trends in home mortgage activity in recent years across the assessment area counties and the broader region. Community representatives stated that a shortage of new housing is an issue affecting the assessment area, as developers are reluctant to build new homes in rural areas. Additionally, the current housing stock does not adequately satisfy demand as residents choose to remain in their homes. Although rental units have not experienced large increases in rent, a community representative observed that the condition of many rental units has deteriorated over the years. Both representatives concurred that the greatest obstacle for area residents looking to secure affordable housing is a lack of supply.

Housing Cost Burden (%)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	62.9	10.9	30.5	58.6	14.7	14.1
Adair County, IA	50.7	27.6	30.0	60.0	18.2	15.0
Cass County, IA	68.6	5.6	30.7	58.0	12.6	13.6
Non MSA Iowa	64.3	14.3	32.8	54.3	20.8	14.9
Iowa	71.3	21.3	38.2	57.5	25.1	15.4
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The following table presents the unemployment rates from 2016 to 2020 in the two counties that comprise the assessment area, Non-MSA Iowa, and the state of Iowa. According to the Bureau of Labor Statistics' Local Area Unemployment Statistics, unemployment remained low in the assessment area, Adair and Cass Counties, Non-MSA Iowa, and the state of Iowa, yet increased slightly in 2020. While the COVID-19 pandemic contributed to the rise in unemployment rates, a community representative stated that businesses in the Adair County area have struggled to entice residents to return to the workforce, despite offering higher wages. Another community representative observed that wages in the Cass County area have not experienced enough growth to attract younger workers to the area. Additionally, the representative noted that some local businesses are struggling to find new owners or buyers in the wake of the pandemic, and less farmers are working in agriculture as farms continue to consolidate.

Unemployment Rates					
Region	2016	2017	2018	2019	2020
Assessment Area	3.1	3.3	2.6	2.7	3.9
Adair County, IA	2.9	2.8	2.4	2.3	4.0
Cass County, IA	3.2	3.6	2.7	2.8	3.9
Non MSA Iowa	3.8	3.2	2.7	2.9	4.9
State of Iowa	3.6	3.1	2.6	2.8	5.3
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

Industry Characteristics

The assessment area has a large percentage of retail trade, health care and social assistance, manufacturing, and construction followed by accommodation and food services, and wholesale trade. One community representative noted that the service industry has seen success in light of the COVID-19 pandemic. Another representative noted that within the retail sector, some

businesses have been consolidated into larger regional stores. As previously mentioned, the agricultural sector continues to be impacted by farms consolidating. Although some small farms have seen success, most are unable to compete with larger agricultural operations as the land prices have risen and the amount of land needed to remain competitive has increased. Both representatives noted that employers are struggling to find workers, even as wages have increased in some areas.

Community Representatives

Two community representatives were contacted to provide insight and observations regarding local demographic and economic conditions in Adair and Cass counties. The representatives provided information regarding assessment area demographics, housing trends, economic trends, and assessment area needs. Both representatives noted that a lack of affordable housing has impacted the populations in Adair and Cass counties, and that developers are hesitant to build new homes in these rural areas. One representative noted that area employers in Cass County are not raising wages to match the area's cost of living, while another representative observed that employers in Adair County are having trouble finding workers, despite raising wages to figures not previously seen. Prior to the COVID-19 pandemic, established businesses transitioned to new ownership more readily when the previous owners retired. Since then, more businesses are permanently closing due to buyer scarcity or weaker financial positions. Additionally, supply chain disruptions have hampered economic development projects and impacted some businesses. Despite these hindrances, local economic conditions have remained relatively stable, and representatives stated that local financial institutions are responsive to area credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

LENDING TEST

Geographic Distribution of Loans

FNB's geographic distribution of small business and small farm loans reflects a reasonable dispersion of lending throughout the assessment area. A sample of the bank's small business and small farm loans originated within the assessment area from January 1, 2021, to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

A gap analysis was completed as part of the evaluation to determine the extent to which an institution made loans in census tracts throughout its assessment area. Overall, no substantial disparities were noted. The institution's assessment area contains one census tract designated as moderate-income (located within Cass County), and seven census tracts designated as middle-income. The lack of originations for small business and small farm loans in the moderate-income census tract is attributed to high level of banking competition within Cass County, as well as the

distance from the moderate-income tract to the nearest FNB branch. Overall, the gap analysis indicates that the bank is lending to the vast majority of the census tracts within its assessment area given the institution’s size, complexity, and rural assessment area.

Small Business Lending

The geographic distribution of loans to small business loans reflects a reasonable dispersion throughout the assessment area. The bank originated no small business loans in the moderate-income census tract, which was below the 21.1 percent of businesses located in that tract. Small business lending is 100.0 percent concentrated in the assessment area’s seven middle-income census tracts, and 78.9 percent of assessment area small businesses are located in these tracts. Although the bank’s lending occurred only within the middle-income census tracts, the bank’s ability to lend in the moderate-income census tract is hindered by heavy competition and the lack of a branch presence in the area. The following table details the bank’s geographic distribution of small business lending.

Geographic Distribution of Small Business Loans						
Assessment Area: 2021 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2021 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	21.1
	Middle	59	100.0	2,833	100.0	78.9
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	59	100.0	2,833	100.0	100.0

2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The geographic distribution of loans to small farm loans reflects a reasonable dispersion throughout the assessment area. The bank originated no small farm loans in the moderate-income census tract, which was below the 3.2 percent of farms located in that tract. Small farm lending is 100.0 percent concentrated in the assessment area’s seven middle-income census tracts, and 96.8 percent of small farms are located in these tracts. Although FNB’s lending occurred only within the middle-income census tracts, the bank’s ability to lend in the moderate-income census tract is hindered by heavy competition, lack of a branch presence, and the limited number of total farms in the moderate-income tract. The following table details the bank’s geographic distribution of small farm lending.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2021 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2021 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	3.2
	Middle	87	100.0	4,243	100.0	96.8
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	87	100.0	4,243	100.0	100.0

2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses of Farms of Different Sizes

FNB’s lending to businesses and farms of different sizes represents a reasonable penetration of loans throughout the assessment area. A sample of the bank’s small business and small farm loans originated within the assessment area from January 1, 2021, to December 31, 2021, were reviewed to determine the distribution to businesses and farms with different revenue sizes.

Small Business Lending

Small business lending in the assessment area is reasonable. The bank originated 81.4 percent of small business loans to businesses with revenues of \$1 million or less. Although this is below the percentage of small businesses within the assessment area (88.0 percent), a majority of loans were made in amounts of \$100,000 or less (86.4 percent), which are deemed to be particularly responsive to small businesses. The bank originated 85.4 percent of its small business loans in amounts of \$100,000 or less and to businesses with revenues of \$1 million or less. Overall, the lending activity demonstrates the institution’s commitment and responsiveness to meeting the credit needs of small businesses in the assessment area.

As a result of the pandemic, the bank participated in the Small Business Administration's (SBA) Payment Protection Program (PPP) originating 521 PPP loans, ten of which are reflected in the table below as having unknown revenues, as of March 31, 2022. This lending activity is particularly responsive considering the financial stress many small businesses have been experiencing since the start of the pandemic.

The table below presents the bank’s small business lending by revenue and loan size.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	48	81.4	2,485	87.7	88.0
		Over \$1 Million	1	1.7	179	6.3	9.6
		Unknown	10	16.9	169	6.0	2.4
		Total	59	100.0	2,833	100.0	100.0
	Loan Size	\$100,000 or Less	51	86.4	721	25.5	
		\$100,001 - \$250,000	5	8.5	887	31.3	
		\$250,001 - \$1 Million	3	5.1	1,225	43.2	
		Total	59	100.0	2,833	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	41	85.4	553	22.2	
		\$100,001 - \$250,000	4	8.3	708	28.5	
		\$250,001 - \$1 Million	3	6.3	1,225	49.3	
		Total	48	100.0	2,486	100.0	
Originations & Purchases							
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Lending

Small farm lending in the assessment area is reasonable. The bank originated 94.3 percent of its farm loans to farms with revenues less than \$1 million, which is slightly below the percentage of small farms in the assessment area at 98.7 percent. A majority of loans originated were in amounts of \$100,000 or less (87.4 percent), which is considered most responsive to small farm needs. The bank originated 90.2 percent of its small farm loans in amounts of \$100,000 or less and to farms with revenues of \$1 million or less. Overall, the lending activity demonstrates the institution’s commitment and responsiveness to meeting the credit needs of small farms in the assessment area.

As previously mentioned, the bank originated 521 PPP loans, one of which is reflected in the table below as having unknown revenue, as of March 31, 2022. Again, this lending activity is particularly responsive considering the financial stress many farms have experienced since the start of the pandemic.

The table below presents the bank’s small farm lending by revenue and loan size.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 IA Non MSA								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Farms		
Revenue	Loan Size	Count	Dollar					
		Bank	Bank	\$ 000s	\$ %	%		
#	%							
Small Farm	Revenue	\$1 Million or Less	82	94.3	3,392	79.9	98.7	
		Over \$1 Million	4	4.6	835	19.7	1.0	
		Unknown	1	1.1	16	0.4	0.3	
		Total	87	100.0	4,243	100.0	100.0	
	Loan Size	\$100,000 or Less	76	87.4	1,810	42.7		
		\$100,001 - \$250,000	7	8.0	1,126	26.5		
		\$250,001 - \$500,000	4	4.6	1,307	30.8		
		Total	87	100.0	4,243	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	74	90.2	1,696	50.0		
		\$100,001 - \$250,000	6	7.3	991	29.2		
		\$250,001 - \$500,000	2	2.4	705	20.8		
		Total	82	100.0	3,392	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

SIOUX CITY MSA – LIMITED REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIOUX CITY, IA-NE-SD MSA #43580

The bank operates within the partial Sioux City, IA-NE-SD MSA #43580 that includes census tract 31.00 in Woodbury County, Iowa and census tract 901.00 in Ida County, Iowa. The institution maintains one full-service branch with a cash-only ATM in Correctionville, Iowa. Both census tracts in the assessment area are designated as middle-income tracts. The assessment area includes 1,881 families, of which 16.1 percent are low-income, 20.9 percent are moderate-income, 24.7 percent are middle-income, and 38.3 percent are upper-income; 6.4 percent of families live below the poverty line.

Based on the FFIEC Deposit Market Share report as of June 30, 2021, the bank ranks 19th out of 21 depository institutions in the assessment area, with a 0.6 percent deposit market share. The Security National Bank of Sioux City, Iowa ranks first with a 25.5 percent market share, followed by United Bank of Iowa (13.3 percent), and Wells Fargo Bank, N.A. ranks (11.7 percent).

The assessment area remains unchanged since the previous examination. The following table on the provides further details regarding the demographics of the assessment area.

Assessment Area: 2021 Sioux City, IA-NE-SD MSA 43580								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	303	16.1
Moderate-income	0	0.0	0	0.0	0	0.0	393	20.9
Middle-income	2	100.0	1,881	100.0	120	6.4	465	24.7
Upper-income	0	0.0	0	0.0	0	0.0	720	38.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2	100.0	1,881	100.0	120	6.4	1,881	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	3,019	2,141	100.0	70.9	598	19.8	280	9.3
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	3,019	2,141	100.0	70.9	598	19.8	280	9.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	341	307	100.0	23	100.0	11	100.0	
Upper-income	0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	341	307	100.0	23	100.0	11	100.0	
	Percentage of Total Businesses:			90.0		6.7		3.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	131	130	100.0	1	100.0	0	0.0	
Upper-income	0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	131	130	100.0	1	100.0	0	0.0	
	Percentage of Total Farms:			99.2		0.8		0.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS - SIOUX CITY, IA-NE-SD MSA #43580

Assessment Area	Lending Test
SIOUX CITY, IA-NE-SD MSA #43580	Consistent

The institution’s lending performance in the assessment area is consistent with the institution’s lending performance overall. The bank has no low- or moderate-income census tracts within the assessment area; therefore, no geographic distribution analysis was conducted.

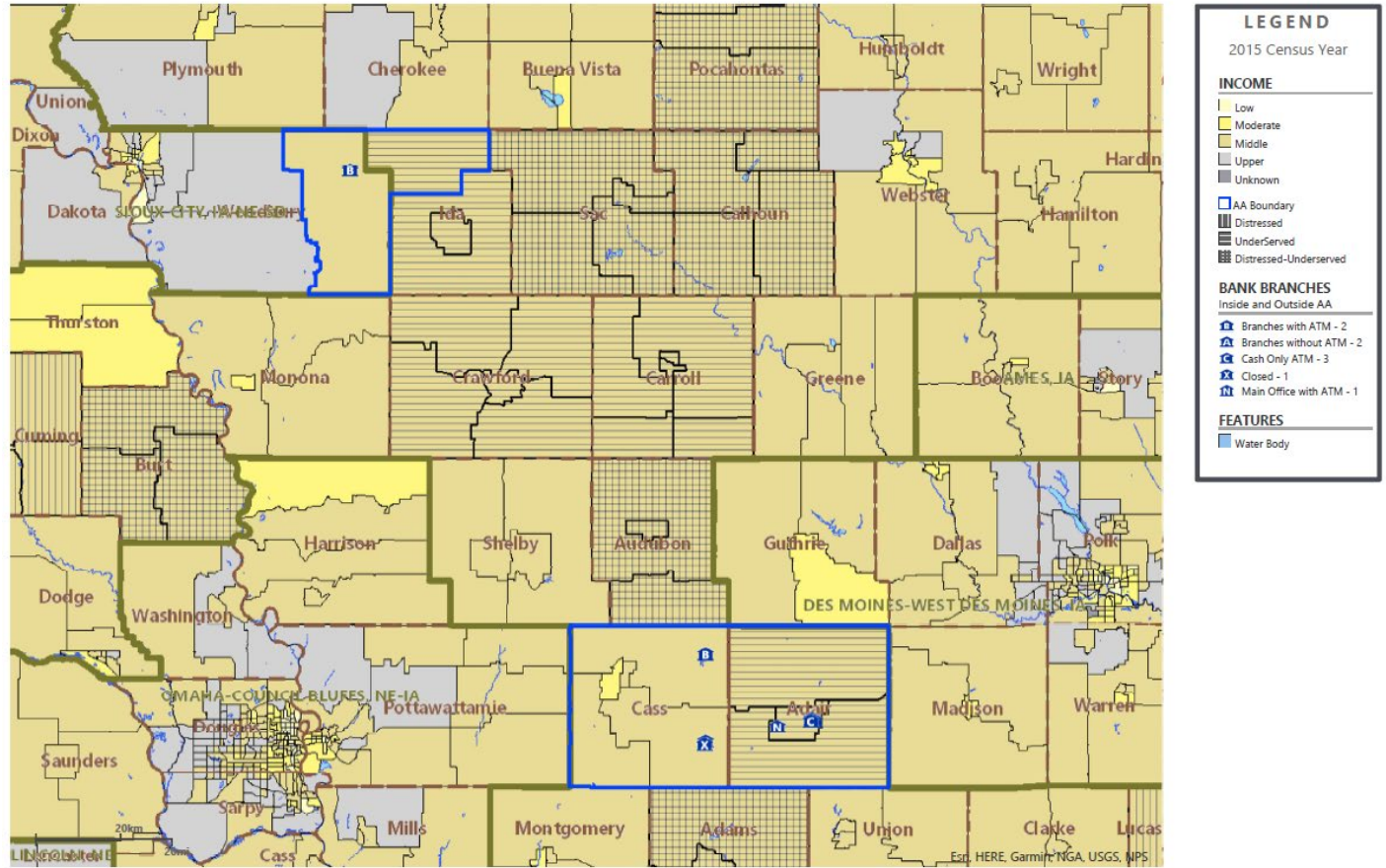
The tables below present the bank’s 2021 small business and small farm loan distributions.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2021 Sioux City, IA-NE-SD MSA 43580								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Businesses		
Revenue	Loan Size	Count Bank	Dollar Bank				%	
		#	%	\$ 000s	\$ %			
Small Business	Revenue	\$1 Million or Less	23	100.0	411	100.0	90.0	
		Over \$1 Million	0	0.0	0	0.0	6.7	
		Unknown	0	0.0	0	0.0	3.2	
		Total	23	100.0	411	100.0	100.0	
	Loan Size	\$100,000 or Less	23	100.0	411	100.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	23	100.0	411	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	23	100.0	411	100.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	23	100.0	411	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 Sioux City, IA-NE-SD MSA 43580								
Product Type		Bank & Demographic Comparison						
		2021						
		Count Bank		Dollar Bank		Total Farms		
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	24	100.0	1,371	100.0	99.2	
		Over \$1 Million	0	0.0	0	0.0	0.8	
		Unknown	0	0.0	0	0.0	0.0	
		Total	24	100.0	1,371	100.0	100.0	
	Loan Size	\$100,000 or Less	19	79.2	502	36.6		
		\$100,001 - \$250,000	4	16.7	519	37.9		
		\$250,001 - \$500,000	1	4.2	350	25.5		
		Total	24	100.0	1,371	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	19	79.2	502	36.6		
		\$100,001 - \$250,000	4	16.7	519	37.9		
		\$250,001 - \$500,000	1	4.2	350	25.5		
		Total	24	100.0	1,371	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

APPENDIX A – Maps of Assessment Area

FNB Bank 617743
 Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		January 1, 2021 to December 31, 2021	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
FNB Bank			Small Business; Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		None
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
NON-MSA IOWA	Full Review	None	N/A
SIOUX CITY, IA-NE-SD MSA #43580	Limited Review	None	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).